



DEFENSE SECURITY COOPERATION AGENCY
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WASHINGTON, D.C. 20301-2800

14 APR 2022

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
INTERNATIONAL PROGRAMS
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE
AGENCY
DIRECTOR FOR SECURITY ASSISTANCE, DEFENSE FINANCE
AND ACCOUNTING SERVICE – INDIANAPOLIS OPERATIONS
DIRECTOR OF CYBERSECURITY DIRECTORATE AND DEPUTY
NATIONAL MANAGER FOR NATIONAL SECURITY SYSTEMS,
NATIONAL SECURITY AGENCY

SUBJECT: Security Assistance Management Manual Policy Memorandum 22-28, Financial
Statement Audit Note for International Partner Awareness [SAMM E-Change 576]

REFERENCES:

- a) Chief Financial Officers (CFOs) Act of 1990 (P.L. 101-576)
- b) Government Management Reform Act (GMRA) of 1994 (P.L. 103-356)
- c) Federal Financial Management Improvement Act of 1996 (P.L. 104-208)

The purpose of this memorandum is to incorporate a new note to Letters of Offer and Acceptance (LOA) to inform international partners that Security Assistance Accounts (SAAs) are subject to U.S. government financial audits. This note is mandatory on all Foreign Military Sales (FMS) LOAs implemented after the date of this memorandum. Additionally, this note must be included on future amendments when the note is not currently listed on the implemented LOA.

As of FY 2022, the SAAs will undergo a financial statement audit on an annual basis as required by references (a), (b), and (c). The SAAs are a group of U.S. Treasury accounts used to execute security assistance activities including the FMS, Foreign Military Financing, Foreign Military Loan and Subsidiary Accounts, and the Special Defense Acquisition Fund. The addition of the financial statement audit note ensures international partners understand that a LOA and

any associated transactions may be reviewed by an Independent Public Accountant to ensure transactions meet all applicable U.S. laws and regulations.

The policy memorandum E-Change 576 in the attachment is incorporated into the DSCA Security Assistance Management Manual (SAMM) at <https://samm.dsca.mil> in Appendix A6 - LOA Notes Listing. Cleared for public release.

If you have questions on this memorandum, please contact Lucas Rose, DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate, Financial Policy Division (OBO/FPRE/FP)), (202) 853-5693, lucas.j.rose1.civ@mail.mil.

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J. Aaron Harding
Chief Operating Officer and Chief Financial Officer
Defense Security Cooperation Agency

Attachment:

Security Assistance Management Manual (SAMM) E-Change 576

Security Assistance Management Manual E-Change 576
Financial Statement Audit LOA Note

1) In Appendix 6, add the following note:

Financial Statement Audit

Note Usage
FMS: Yes BPC: No Mandatory for all new FMS Letters of Offer and Acceptance. Add note to amendments unless the note is on the current implemented version.
References
N/A
Note Input Responsibility
CWD
Note Text
“Security Assistance Accounts (SAA) are subject to U.S. Government financial audits in compliance with the audit provisions of the Chief Financial Officers (CFOs) Act of 1990 (P.L. 101-576), as amended, the Government Management Reform Act (GMRA) of 1994 (P.L. 103-356), and the Federal Financial Management Improvement Act of 1996 (P.L. 104-208). Per section 1.2 of the Letter of Offer and Acceptance (LOA) Standard Terms and Conditions, the U.S. Government will furnish the items from its stocks and resources, or will procure them under terms and conditions consistent with Department of Defense (DoD) regulations and procedures. These procedures include DoD’s internal audits that will be performed on all SAAs. All transactions associated with this LOA may be audited and reviewed by an Independent Public Accountant. Title 10 United States Code Section U.S.C. 130c protects a customer’s sensitive Foreign Military Sales information from public dissemination.”